FY 2010 results

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Chairman and CEO

ARKEMA

The world is our inspiration

Paris, March 2nd 2011

FY'10 results: Five year transformation drives record performance

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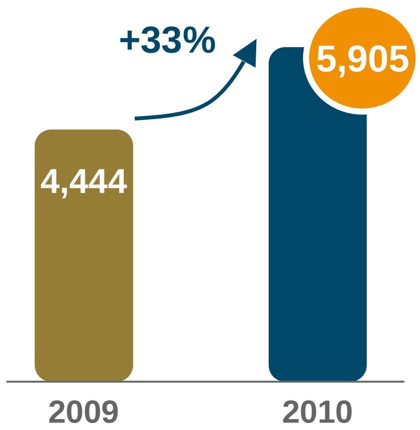
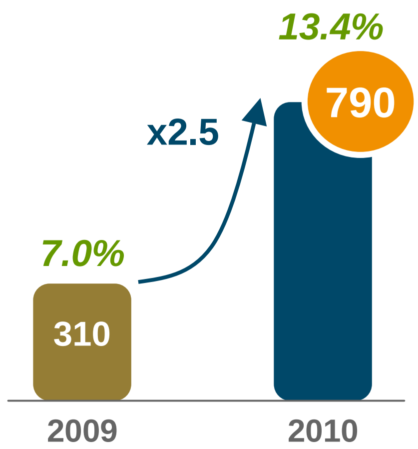
Excellent set of figures

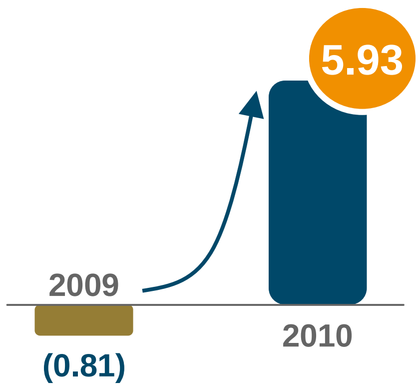
Sales (€m)



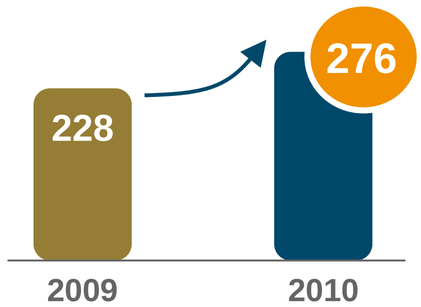
EBITDA (€m) & **EBITDA margin** (%)



Adjusted EPS (€)



Free cash flow* (€m)

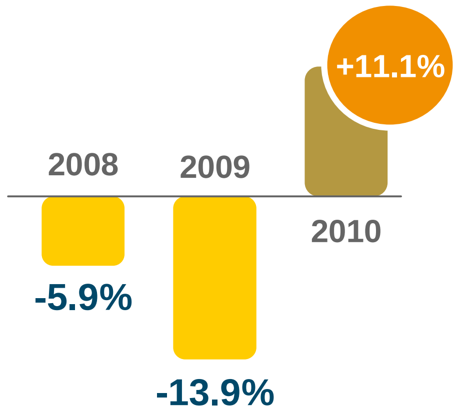


* Free cash flow = cash flow including non-recurring items and excluding impact from M&A

Well oriented market conditions

- **+11% volumes supported by Asia and emerging technologies**
  - Mixed picture by region
    - Strong demand in Asia
    - Improved market conditions in North America
    - Slower pace of recovery in Europe
  - Fast growing emerging applications (photovoltaic, Li-ion batteries, etc.)
  - Housing and construction markets remaining slow in Europe and North America
- **Price increases and improved product mix bring value above sharp rise in raw materials**
- **Volatile foreign exchange rates**

YoY volume variation (%)



Raw material index

Several key milestones

- **Successful acquisition and integration of acrylic assets in North America**
- **Quick ramp-up of new HFC-125 fluorogas production unit in China**
- **19% of total sales achieved in Asia in 4Q'10**
- **Fast-growing contribution from developments in emerging applications (photovoltaic, Li-ion batteries, LED TV, high-temperature polyamides, etc.)**
  - Above € 100m new sales versus 2009
- **Tight management of fixed costs**
  - Benefit from MMA/PMMA restructuring in Europe
  - Fixed cost maintained at 2009 level while volume increased by 11%
- **€500m bond issue**
  - Maturity: October 2017
  - Interest rate: 4% per year

Clear Lake site acquired beginning of 2010 (USA)

Start up of HFC-125 in Changshu (China)

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Quick and successful integration of newly acquired acrylic assets

- **Closing with Dow on January 25th, 2010**
- **Acquisition price based on a US$50m EV**
- **Performance well above initial expectations**
  - US$559m sales in 11m'10 (versus US$450m in FY'09*)
  - Significant contribution to 2010 EPS
- **A strong base for further growth in acrylics**
  - New acrylic emulsion plant in China (end 2012)
  - 3-year capex program of US$110m to further strengthen acrylic monomers in North America (in Clear Lake and Bayport)
  - Ideally complemented by acquisition project of the UV-curing and coating resins from Total**

Acrylic monomers
(Clear Lake site)

UCAR™ acrylic polymers
(Saint Charles site)

* 2009 estimated revenues for the business acquired
** Subject to the approval of the relevant anti-trust authorities and information / consultation of work councils

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Full year 2010 key figures

in €m (except EPS)	2009	2010	Variation	*Peer average**
Sales	**4,444**	**5,905**	**+32.9%**	***+21%***
EBITDA	**310**	**790**	**x 2.5**	***x 1.7***
EBITDA margin	**7.0%**	**13.4%**		***13.6%***
Recurring operating income	**40**	**503**	**x 12.6**	**-**
Net income (group share)	**(172)**	**347**	**-**	**-**
Adjusted EPS (diluted)	**(0.81)**	**5.92**	**-**	**-**

Excellent top and bottom-line growth

* Peers : Akzo Nobel (Specialty Chemicals), BASF (excl. Oil & Gas), Celanese, Chemtura (consensus), Clariant, Dow, Dupont, Lanxess (consensus), Rhodia (excl. CER), Solvay, Tessenderlo

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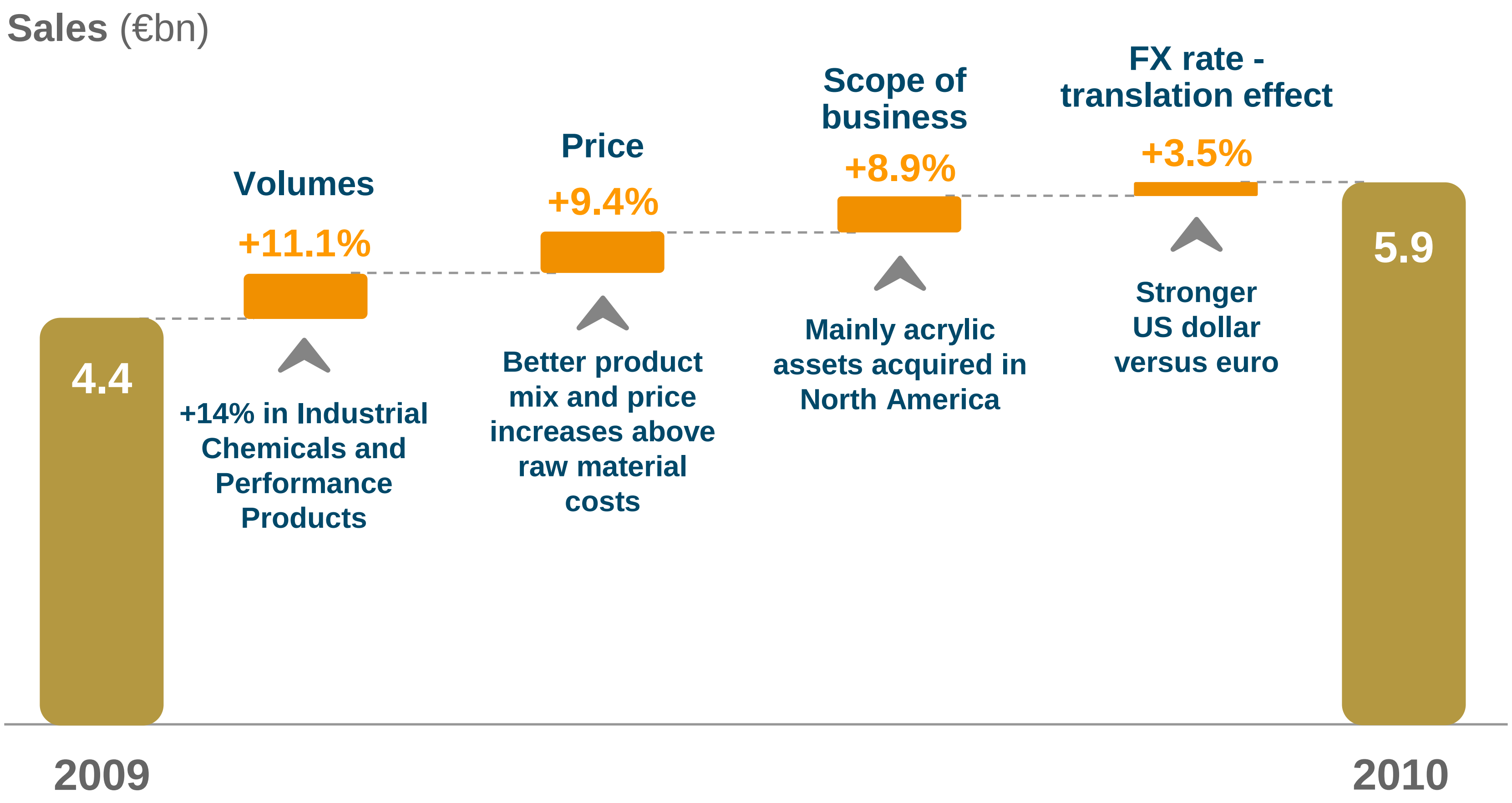
+33% sales vs 2009



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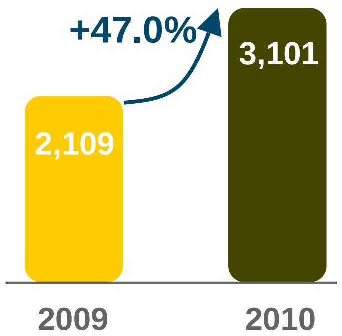
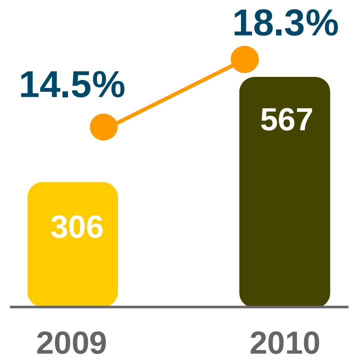
Industrial Chemicals: excellent growth and profitability

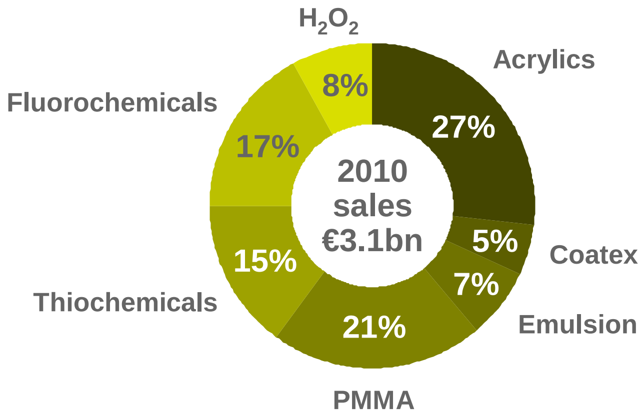
Sales (€m)



EBITDA (€m) **&**
EBITDA margin (%)



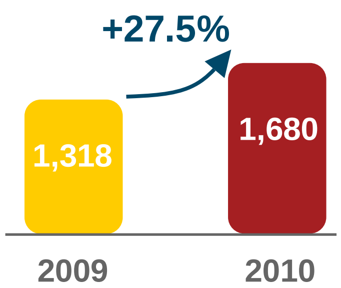
% of segment sales by BU



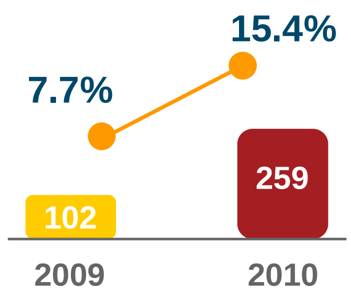
- **All business lines contributed to excellent profitability**
  - +28% sales at constant scope of business
  - Demand recovery in most end markets: refrigeration, oil & gas, automotive, water treatment, electronics, etc.
  - Significant price increases offsetting higher raw material costs
  - Recovery of acrylic monomer unit margins
- **Successful start-up and quick ramp-up of HFC-125 production unit in Changshu (China)**
- **Acrylic assets acquired in North America performed well above initial expectations**
- **Benefits from MMA/PMMA restructuring in Europe**
- **Positive impact from foreign currency translation effect**

Performance Products: EBITDA margin doubled at 15.4% supported by innovation and Asia

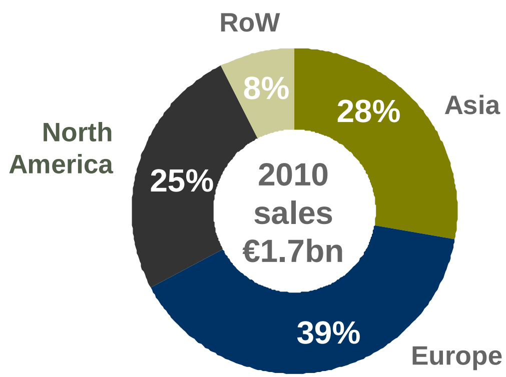
Sales (€m)



EBITDA (€m) & **EBITDA margin** (%)



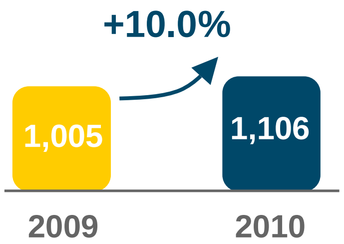
% of segment sales by region



- **Innovation and market recovery supported higher sales**
- **+19% volume effect with contribution from all business lines**
  - Higher demand of traditional end markets (automotive, oil & gas, wire & cable, packaging, polymers, etc.)
  - Fast expansion of new emerging applications (photovoltaics, Li-ion batteries, high-temperature polyamides, etc.)
  - Strong growth in Asia
- **Price increases offsetting higher raw material costs**
- **Product mix of Technical Polymers repositioned on higher value added products thanks to innovation**

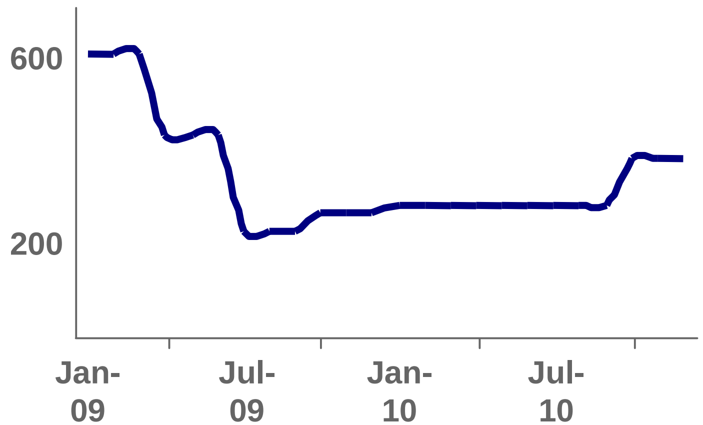
Vinyl Products: slight improvements in still challenging market conditions

Sales (€m)



EBITDA (€m)

Caustic soda prices (in €/t)

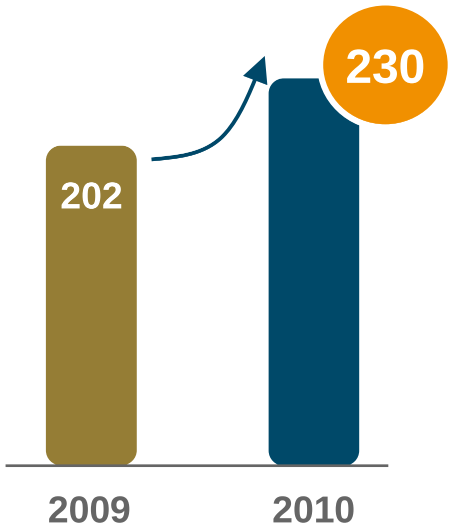


- **Volumes slightly above 2009 but construction market still challenging in Europe**
- **PVC price increases offset higher ethylene costs but PVC margins still low**
- **Caustic soda prices on average below 2009 but rising at year end**
- **Around €(15)m EBITDA impact from national strikes in France** (refineries and Marseille harbor)
- **Further fixed cost reductions in PVC**
- **Benefits from repositioning of Vinyl Compounds on higher value-added applications**
- **Excellent performance of Qatar Vinyl Company** (in which Arkema holds 13%)

+€276m free cash flow*

in €m	2009	2010
EBITDA	**310**	**790**
Working capital variation ***(excl. M&A)***	**+384**	**(43)**
Recurring capex	**(262)**	**(293)**
Tax & cost of debt	**(82)**	**(142)**
Restructuring outflows	**(78)**	**(73)**
Others	**(44)**	**+37**
Free cash flow*	**+228**	**+276**
M&A	**(26)**	**(46)**
Net cash flow	**202**	**230**

Net cash flow (€m)

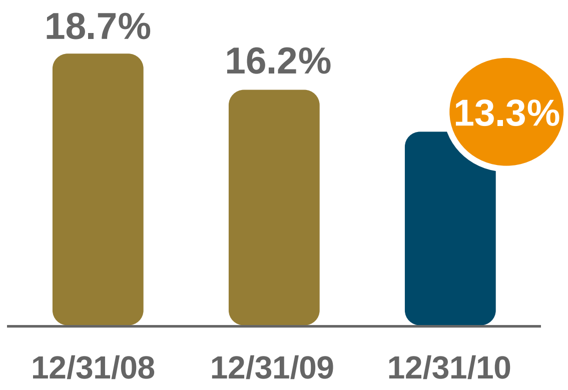


- **+€48m free cash flow* thanks to:**
  - Strong operational discipline
  - Limited working capital outflow on 33% sales increase

* Free cash flow = cash flow including non-recurring items and excluding impact from M&A

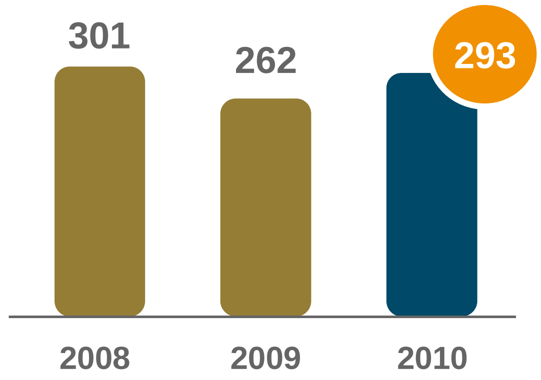
Working capital and capex

Working capital as % of sales*



- **Further improvement of working capital on sales ratio**
- **2011 and beyond target: working capital between 14% and 15% of sales**

Recurring capex (€m)

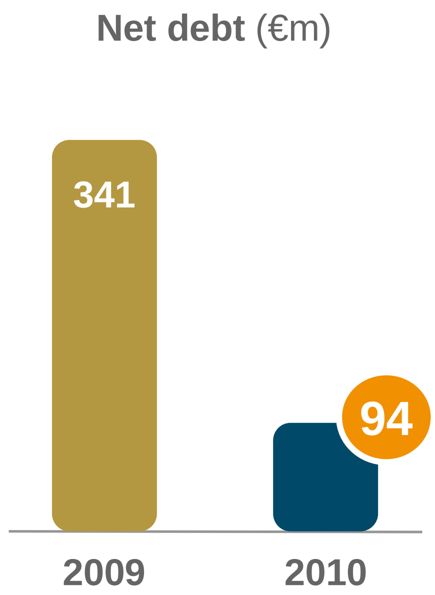


- **Capex increased back to pre-crisis level**
- **Projects in Asia represented 44% of development capex**
- **2011 target: around €360m recurring capex taking into account acceleration of growth in Asia and in Acrylics**

* Working capital end of December / annual sales

Significantly reduced net debt at year end

- **Net debt reduced at €94m, representing 0.1x EBITDA**
- **Diversification of debt sources**
  - Bond issue in October 2010
    - Amount: €500m
    - Interest rate: 4% per year
    - Maturity: October 2017
  - Securitization program
    - Amount: €240m
    - Maturity: June 2015
- **Net debt end 2010 does not include the financing of the project to acquire UV-curing and coating resins from Total (EV: €550m)**
- **Target to maintain gearing < 40%**



Strong balance sheet

in €m	31 Dec. 2009	31 Dec. 2010
Net debt	341	94
Shareholders' equity	1,813	2,240
Net provisions	685	702
Non-current assets*	2,257	2,379
Net working capital	720	785
Capital employed	2,977	3,164

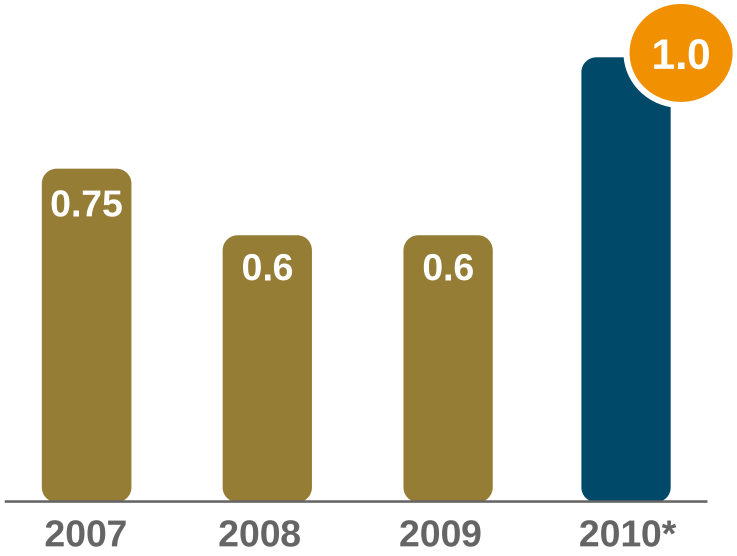
- **Provisions include:**
  - € 100 m restructuring
  - € 239m pensions (stable amount)
  - € 136m environment
- **€411m unrecognized deferred tax assets including €332m of unrecognized tax losses**

15% ROCE** in 2010 well above cost of capital

* Excluding deferred income tax assets
** ROCE = (REBIT – tax) / (Capital employed - provisions)

Dividend

Dividend (€/share)



- **Proposed significant increase versus 2009 to reflect 2010 performance**
- **Payout: 18% of net income**
- **1.9% dividend yield**
  (based on share price at year end)

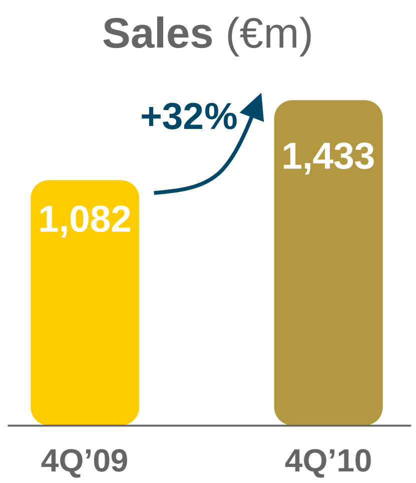
Dividend policy:

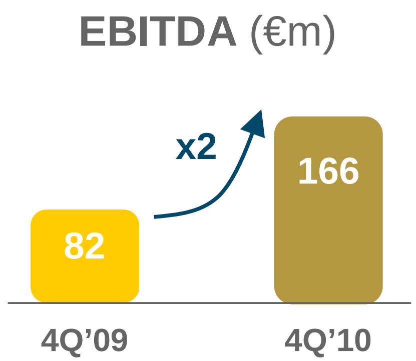
Arkema intends to pay each year a stable to reasonably rising dividend

* Dividend proposed to the Shareholders' Annual General Meeting of May 24th, 2011

Strong growth in revenues and profitability in 4Q'10

- **+32% sales versus 4Q'09**
  - Significant price increases reflecting Arkema's ability to pass-on higher raw material costs
  - Market conditions remained well oriented
- **EBITDA x2 versus 4Q'09 at €166m**
  - By far the best EBITDA in a 4th quarter since spin off
  - Despite € (20)m EBITDA impact from national strikes (refineries and Marseille harbor)
  - Benefits from new products in sustainable development and increased presence in Asia
- **€1.23 EPS* versus €(0.03) in 4Q'09**
- **€166m free cash flow****
  - Doubled EBITDA
  - Traditional lower working capital at year end
  - Strict cash discipline



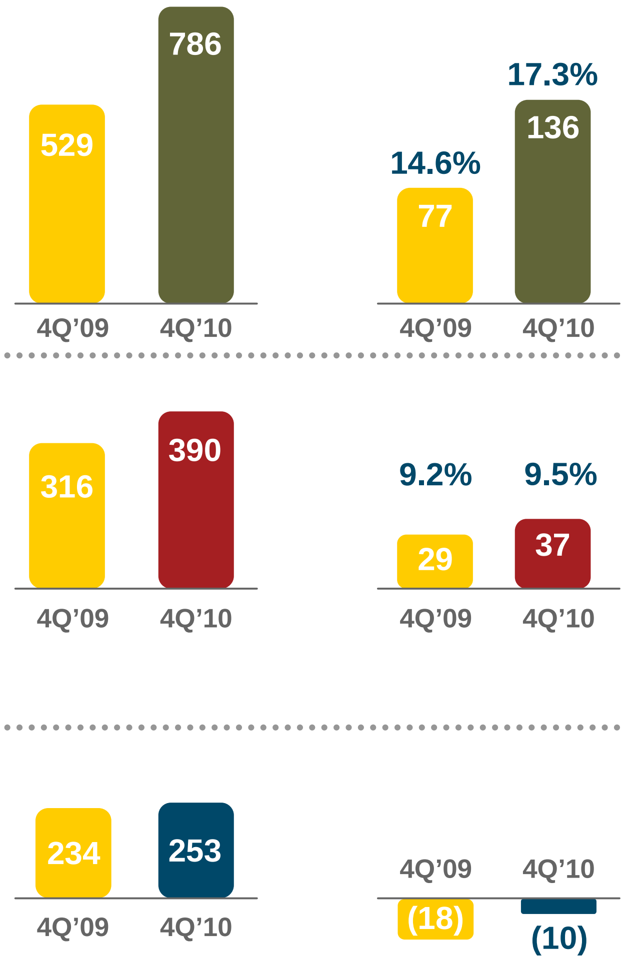


* Adjusted EPS (diluted)
** Free cash flow = cash flow including non-recurring items and excluding impact from M&A

4Q'10 results by segment

Sales (€m)

EBITDA (€m) & **EBITDA margin** (%)



Industrial Chemicals: strong contribution from all lines

- Benefits from internal achievements: acquisition in Acrylics, new fluorogas unit in Asia, MMA/PMMA restructuring in Europe
- Recovery of acrylic monomers unit margin

Performance Products: support from pricing and Asia

- Strong demand in Asia particularly in Technical Polymers
- Price increases offset higher raw material costs
- Performance to be appreciated taking into account traditional seasonality, exceptionally high September and €(5)m EBITDA impact from strikes

Vinyl Products: slight improvement

- Volumes affected by French strikes (€ (15)m EBITDA impact) in a context of challenging construction market
- Higher caustic soda and PVC prices offsetting higher ethylene costs

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2005-2010: Successful reposition

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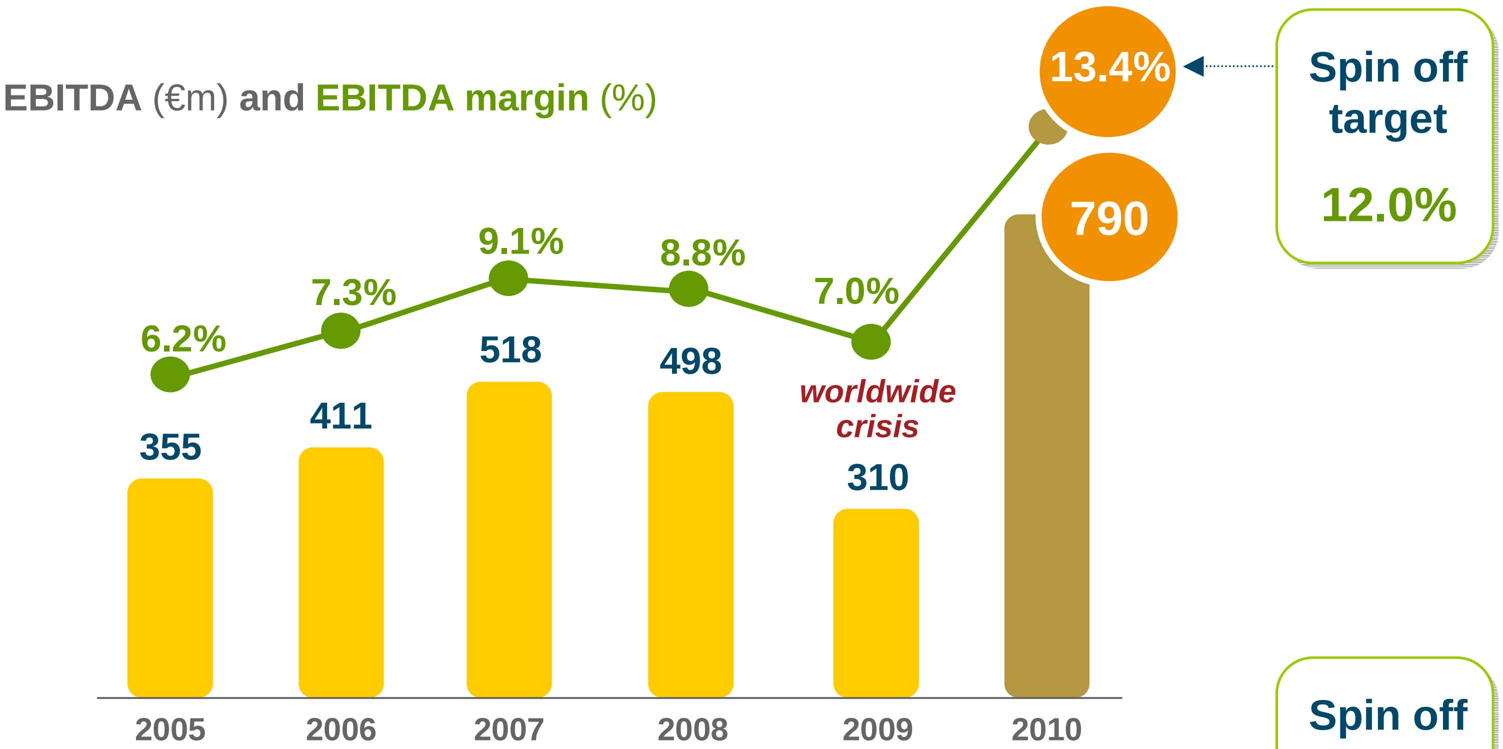
EBITDA x2.2 since spin off



615*	**Net debt** (€m)	**94**
31%	***Gearing*** *(%)*	***4%***

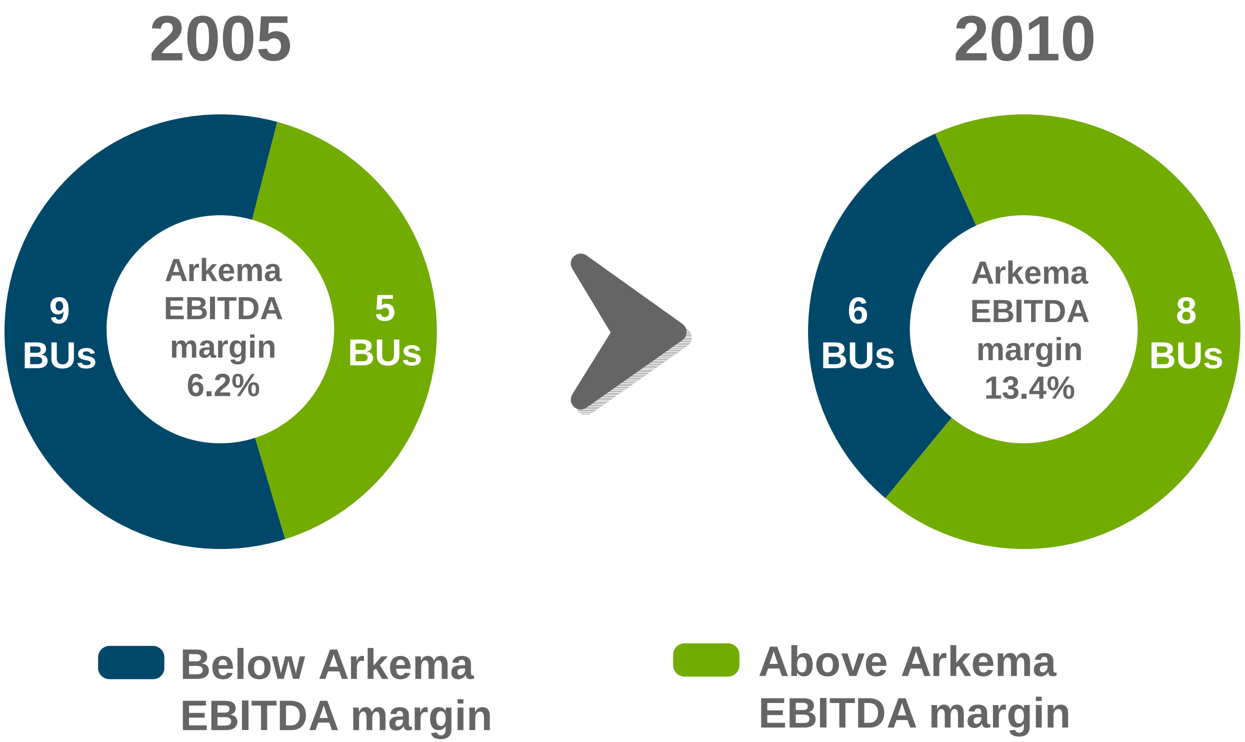
Spin off target **<40%**

Oil price ($/bbl)	2005	2006	2007	2008	2009	2010
	54.4	65.1	72.5	97.0	61.5	79.4

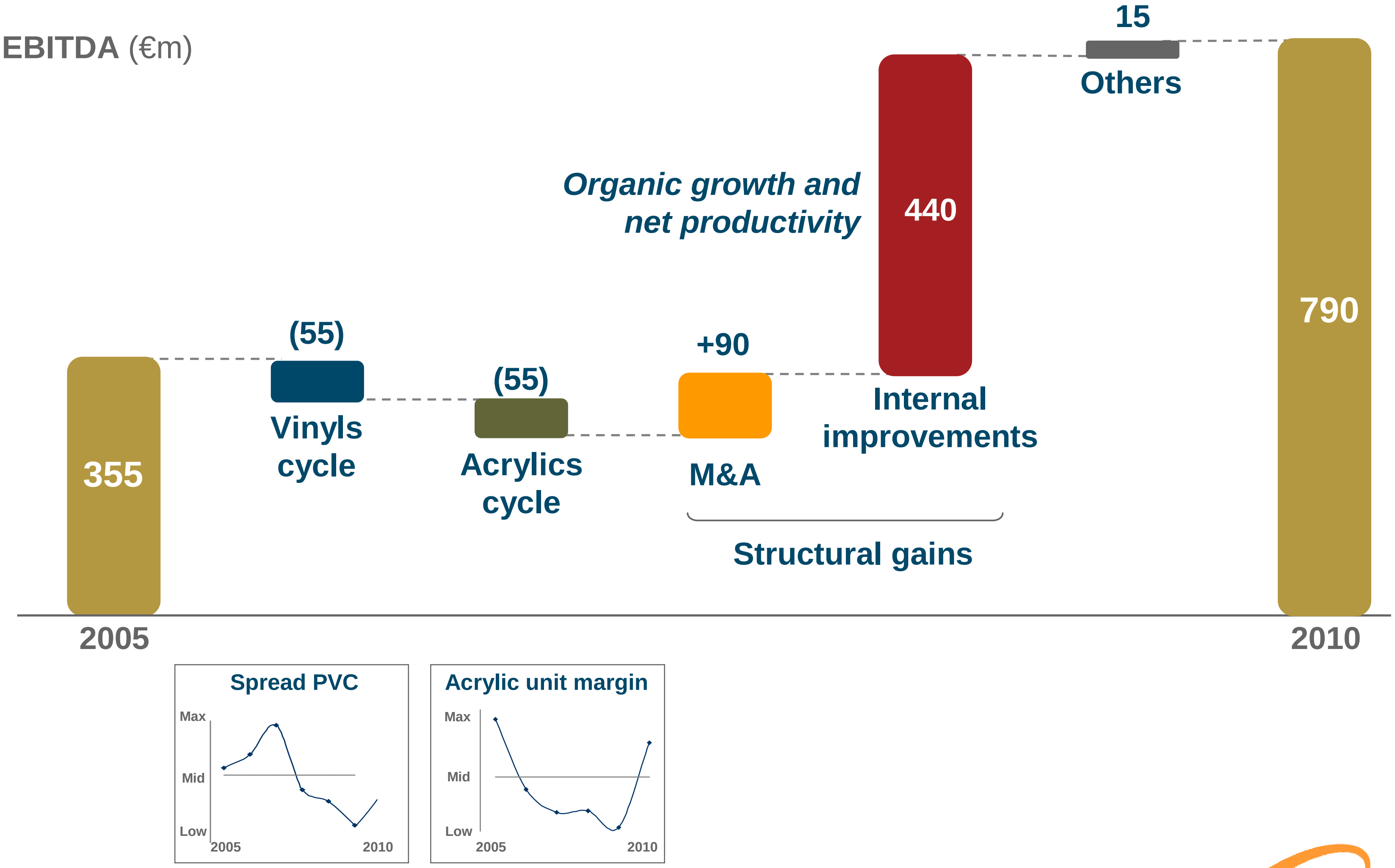
* Net financial debt end 2005 - €532m capital increase by Total + €580m non-recurring pre spin off items

Evolution of profitability by BU

Breakdown of sales with EBITDA margin above/below Arkema margin

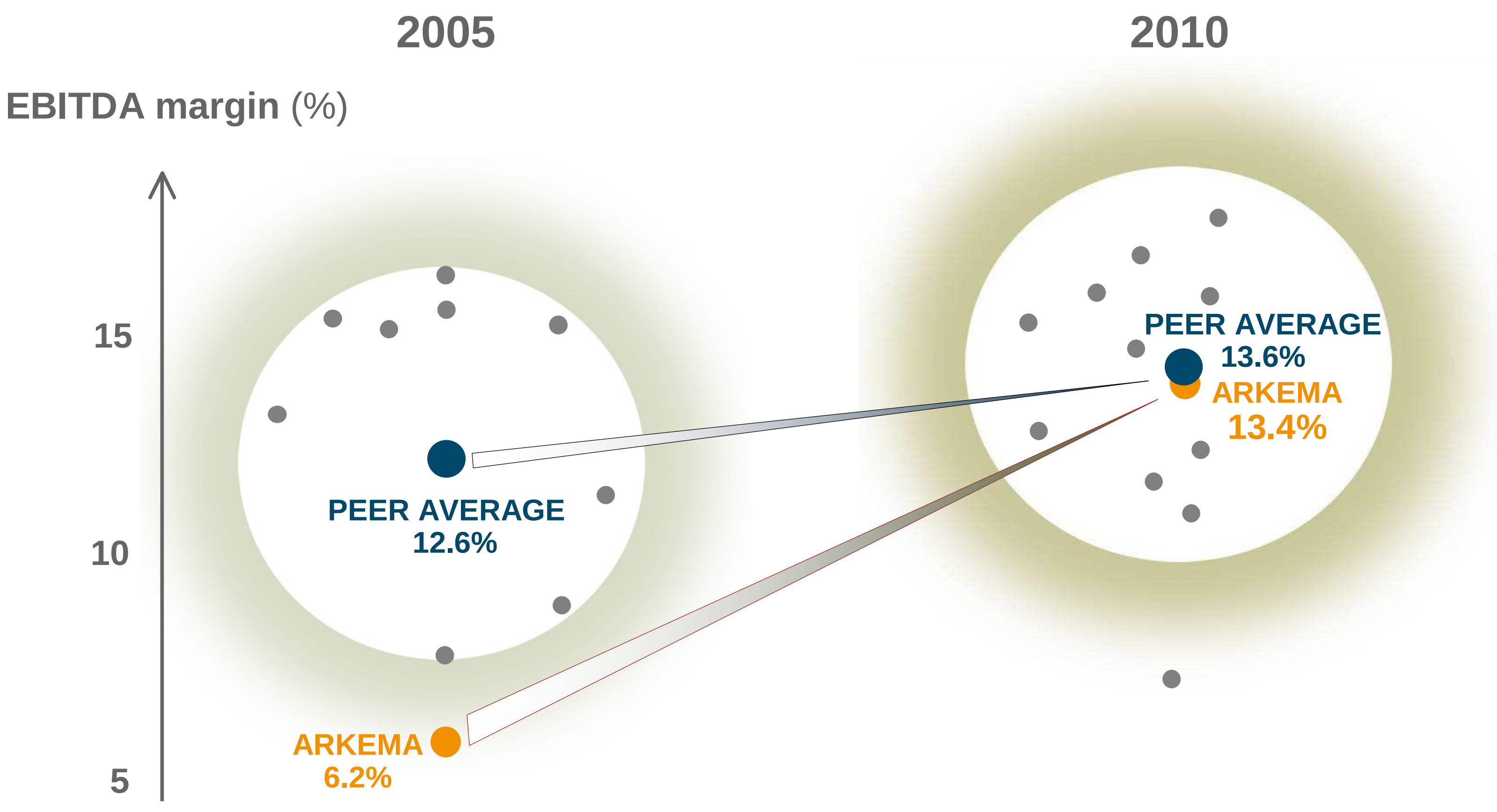


Performance turnaround driven by transformation



Negative impact from the cycle over the period

Gap filled with the industry in 5 years



***<u>Peers</u>** : Akzo Nobel (Specialty Chemicals), BASF (excl. Oil & Gas), Celanese, Chemtura (consensus), Clariant, Dow, Dupont, Lanxess (consensus), Rhodia (excl. CER), Solvay, Tessenderlo*

Constantly delivering on our targets

	Spin off target 2005-2010	2010	
EBITDA margin	12% in 2010	13.4%	✓
Fixed cost savings	€500m	€540m	✓
Working capital / sales	18%	13.3%	✓
Gearing	<40%	4%	✓
Portfolio management	**Acquisitions** €500m to €800m sales **Divestments** €300m to €400m sales	€650m €480m	✓

Outlook

Assumptions for 2011

- **Continuing positive economic climate:**
  - Strong Asia, improved USA, slower recovery in Europe
  - Strong pull from sustainable trends
  - High raw material and energy costs
  - Remain attentive to changes in the macro environment
- **In Vinyls, higher energy cost but slowly improving market conditions**
- **Supply/demand balance in Industrial Chemicals and Performance Products to remain well oriented**
- **Acrylic unit margins similar to 2010 average**
- **Large maintenance turnarounds:**
  - Vinyls in April (Lavéra)
  - Acrylics in October and November (Carling and Clear Lake)

Our priorities for 2011

- **Continue to actively increase our presence in Asia**
  - 2011 start-ups in Changshu (China): PVDF Kynar® new unit in March and Coatex plant mid-2011
  - Build up new emulsions plant and capacity expansion in polyamides and PVDF Kynar®
  - Prepare longer term projects in Asia: Thiochemicals, Acrylic monomers
- **Accelerate growth in emerging applications for sustainable development** (photovoltaic range of products, high-temperature polyamides, bio-plastics, water treatment, DMDS for soil fumigation, LED TV screens, etc.)
- **Implement our global coating materials platform**
  - Finalize the acquisition of UV curing and coating resins businesses* from Total
  - Reinforce partnerships with major customers
  - Site development in acrylic monomers in Carling (Fr) and Clear Lake (US)
- **Maintain strong pricing to follow raw material and energy cost**
- **Maintain a strong focus on fixed costs and cash generation**

* Subject to the approval of the relevant anti-trust authorities and information / consultation of work councils

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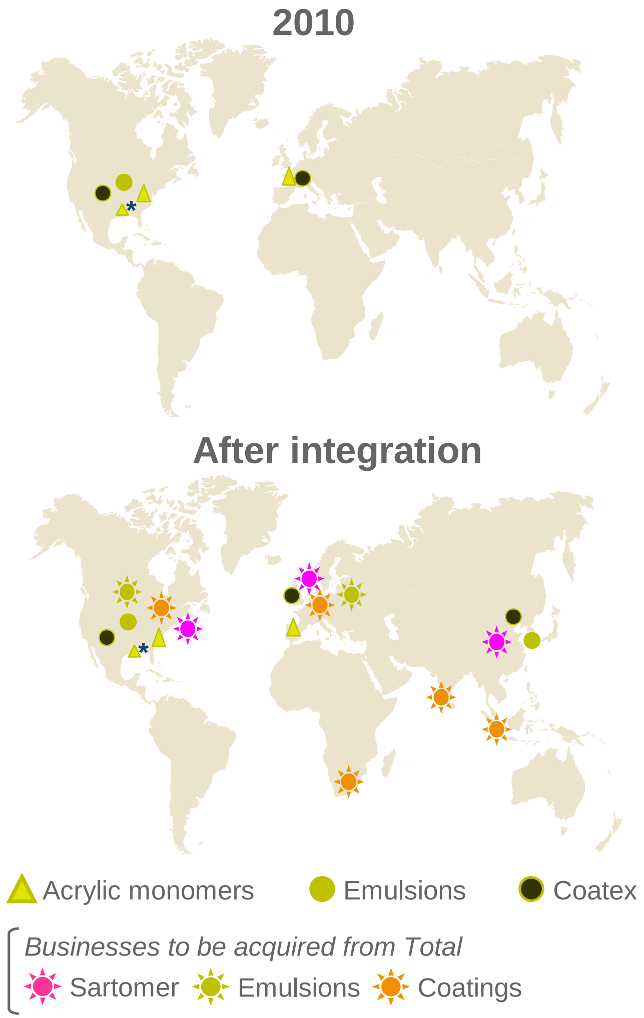
Project to acquire resin businesses from Total

- **A new milestone**
  - €850m FY sales (€750m once consolidated within Arkema)
  - €550m enterprise value
  - Closing by mid-2011*
- **Perfect fit with strategy in the acrylic value chain**
  - Increase downstream integration in acrylics from 30% to 40%
  - Build an integrated and global Coating materials platform
- **Strong potential**
  - Position on high growth value-added photocure market
  - Strong growth platform in Asia
- **EPS accretive on a first full-year basis**

14% EBITDA margin target in 2015 on € 900m sales**



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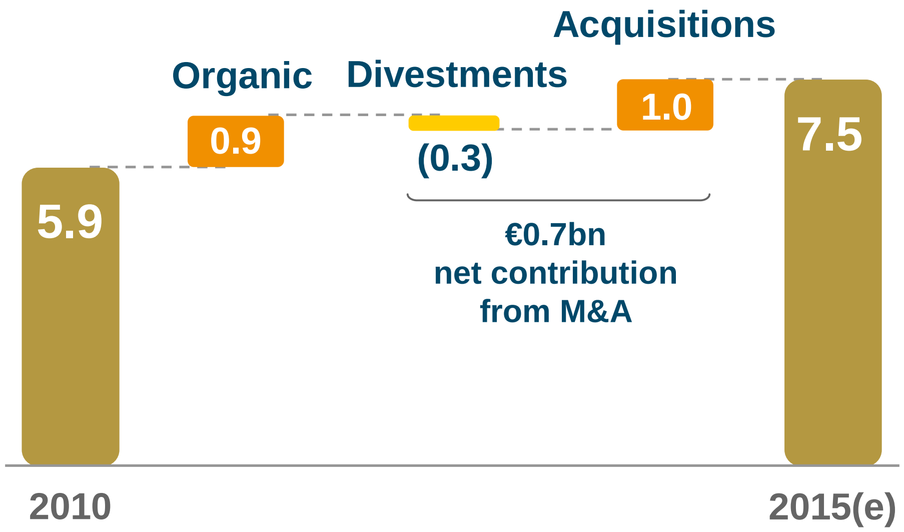
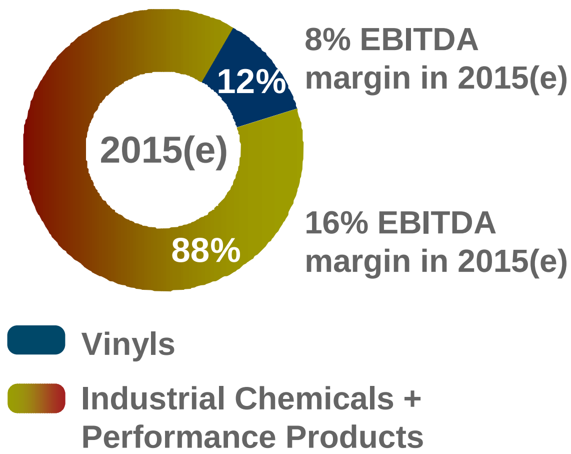
** In a normalized environment

Fully on track to achieve 2015 objectives

Sales bridge (€bn)



Sales by segment



- **€750m sales from planned acquisition of resins from Total on € 1bn target to be acquired**
- **GDP+1 growth in Industrial Chemicals and Performance Products from emerging countries, solutions in sustainable development and coating material platform**
  - Strengthen acrylic sites (Clear Lake and Carling)
  - New units in Specialty Acrylic Polymers and emulsions in Changshu
  - Expansions in China in PVDF Kynar® and polyamides
  - Innovative range on photovoltaic markets, batteries and water filtration
- **Vinyls to represent around 16% of total sales after integration of resins* from Total (26% in 2008)**

* On 2010 proforma sales including € 750m sales from resins businesses from Total

Conclusion

- **2010 performance well above pre-crisis levels (adjusted net income of € 362m in 2010 versus € 186m in 2007)**
- **Confidence for 2011 outlook. 1st quarter 2011 EBITDA expected to be significantly above 1st quarter 2010 EBITDA**
  - Seasonality back to more traditional pattern
  - Confirm ability to pass raw material cost increase
- **Major milestone in 2011: planned acquisition of resin businesses from Total turning Arkema in a leader in coating materials**
- **2015 long term objectives fully on track supported by 2010 base and high density of current projects**

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Disclaimer

- The information disclosed in this document may contain forward-looking statements with respect to the financial condition, results of operations, business and strategy of Arkema. Such statements are based on management's current views and assumptions that could ultimately prove inaccurate and are subject to risk factors such as among others, changes in raw material prices, currency fluctuations, implementation pace of cost-reduction projects and changes in general economic and business conditions.
- Arkema does not assume any liability to update such forward-looking statements whether as a result of any new information or any unexpected event or otherwise. Further information on factors which could affect Arkema's financial results is provided in the documents filed with the French Autorité des Marchés Financiers.
- Financial information for 2010, 2009, 2008, 2007, 2006 and 2005 is extracted from the consolidated financial statements of Arkema. Quarterly financial information is not audited.
- The business segment information is presented in accordance with Arkema's internal reporting system used by the management.
- The definition of the main performance indicators used can be found in the 3Q'10 results press release available on www.finance.arkema.com
- *A* global chemical company and France's leading chemicals producer, Arkema is building the future of the chemical industry every day. Deploying a responsible, innovation-based approach, we produce state-of-the-art specialty chemicals that provide customers with practical solutions to such challenges as climate change, access to drinking water, the future of energy, fossil fuel preservation and the need for lighter materials. With operations in more than 40 countries, 14,000 employees and eight research centers, Arkema generates annual revenues of €5.9 billion and holds leadership positions in all its markets with a portfolio of internationally recognized brands. The world is our inspiration.

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